

A collaborative effort to ensure access, opportunity and a way of life for future generations of Montanans

Introduction

Montana's vast, working forests are vital to our state's economy, our wildlife and our way of life. Now, the State of Montana has an opportunity to keep these forests intact through the purchase of 111,000 acres of former Plum Creek Timber Company lands in an effort known as the Montana Working Forests Project.

Purpose

- Preserve vital wildlife habitat and water resources
- Conserve traditional public access for hunting, fishing, snowmobiling, hiking and other outdoor recreation opportunities
- Keep Montanans working in the woods and timber in local mills

Opportunity

The state's purchase of these lands, part of the larger 310,000-acre project, is crucial for the preservation of timber harvesting, tourism and recreation – three important drivers of western Montana's economy. State purchase would consolidate ownership and management of these lands in a way that meets community needs and minimizes the high costs of unwise development. These lands could be owned and managed through the Montana Department of Natural Resources and Conservation and the Montana Department of Fish, Wildlife and Parks for the benefit of all Montanans.

Partners

The partners in this effort, The Nature Conservancy and The Trust for Public Land, reached an agreement earlier this year with Plum Creek to purchase approximately 310,000 acres of timberland for \$500 million. The purchase will take place in three phases, with the first closing scheduled for December 2008 and the final closing in December 2010.

While the Conservancy and TPL will own the lands temporarily, ultimately, all 310,000 acres will be conveyed into a mix of federal, state and private ownership. The 2008 Farm Bill included \$250 million to purchase lands to be owned and managed for the public through the U.S. Forest Service. Many of the lands slated for Forest Service ownership are currently checkerboarded within and adjacent to existing National Forest lands. Lands sold into private ownership will have conservation easements that will restrict undesirable development and provide for sustainable timber harvest and public access.

Timber Production

An important part of the overall project is an agreement to provide timber from the project lands to Plum Creek mills. Beginning in 2009, a Fiber Supply Agreement (FSA) between Plum Creek and the purchasing partners will provide for the harvest of approximately 92 million board feet of merchantable timber over a 10-year period. Plum

Creek will be required to pay market prices for the timber and the proceeds from the timber sales will be used to cover the harvesting costs and restoring the land. After the terms of the FSA are satisfied, timber and other wood fiber would then be available to other independent mills. At the current rate of regeneration, approximately 29 million board feet of new timber growth accumulates annually on these lands.

Recreation and Conservation

Timber production on these lands is compatible with two other important needs for these lands, recreation and conservation. Plum Creek, during its ownership of these lands, allowed public access for hunting, fishing, hiking and other outdoor recreation. The goal of this project would be to preserve that access for future generations of Montanans. Keeping these lands intact as working forests would also serve to maintain the rich habitat for the area's diverse wildlife.

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Recreational Access

The Montana Working Forests Project seeks to protect the very thing that keeps people living in Montana: our ability to recreate and enjoy the vastness of Big Sky Country. We can go elsewhere and find higher paying work, but would we be able to walk, snowmobile, fish, hunt and ride across a land so big that it puts your whole life in perspective? Our kids don't have to wait for the annual family vacation to watch black bears feeding on fall berries, or toss a line into the water, or set up a tent at the end of the dirt road.

Some of our most precious, and most popular, recreation lands are up for grabs, available at bargain prices to out-of-state buyers who do not share our community values. We have an opportunity to invest in these lands, by Montanans and for Montanans. Places like the valley bottom lands along the Swan River where private development would choke off access and compromise fish habitat, or lands in the Fish Creek watershed, where folks have a chance to see moose, elk and bear while out exploring. They are lands in the foothills above the Potomac Valley that beckon us for a Sunday drive, or maybe an early fall grouse hunt.

Research conducted by the University of Montana Institute for Tourism & Recreation Research shows that these very activities—wildlife watching, day hikes and sightseeing—are the top activities for both non-resident visitors on vacations and for Montanans enjoying the place they choose to live.

For generations, Plum Creek and its predecessors have allowed the public to access its lands for recreational purposes. The Montana Working Forests Project seeks to continue that access for hunting, snowmobiling, berry picking, wildlife viewing, fishing, hiking and other recreation activities Montanans value as part of their outdoor lifestyle.

Montana Recreation Revenues

Montana residents and non-residents spent more than \$753 million on hunting and fishing alone in Montana in 2006, according to the U.S. Census Bureau. It is a segment of our economy that requires us to sustain our landscapes by keeping them intact and managing them well. Just one hunting unit in western Montana alone – Unit 292 in the southwestern part of the Blackfoot basin – saw more than 28,000 deer and elk hunter days in 2007. A U.S. Department of Commerce report indicates that each hunting day in Montana produces \$145 in total expenditures—that translates into more than \$4 million dollars in spending by those hunters in Unit 292 in just one autumn's hunting season. More than 50,000 acres of this hunting unit (much of it highly developable) is now available for conservation through the Montana Working Forests Project. State purchase of 111,000 acres of Plum Creek lands would allow continued recreational access along side sustainable timber production, and like other state-owned forest land, timber harvest on these lands is compatible with recreation such as hunting and fishing.

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Wildlife & Conservation

Onservation of western Montana's vast forested landscape, home to some of North America's most pristine waters and iconic wildlife, is an important goal for Montana. Keeping these forests intact is not only critical for wildlife, but also for our state's timber and recreation-based economy and our way of life. Montana has a unique opportunity to conserve this important resource by purchasing 111,000 acres of former Plum Creek Timber Company lands and managing them for the benefit of all Montanans.

Montana's Wildlife Heritage

Montanans agree that our state harbors one of the richest assortments of iconic wildlife species in the lower 48 states. The same wildlife species that Lewis and Clark observed when they explored the region some 200 years ago are still found here today. The region hosts the full complement of North American predators, including grizzly bear, Canada lynx, mountain lion, black bear, wolverine, bobcat, fisher and marten, as well as ample populations of elk, deer, moose and pronghorn. This abundance of wildlife is our heritage, important to our psyche, our livelihoods and future generations of Montanans.

To protect our wildlife populations, we need to prevent fragmentation and degradation of our forests, mountains, valleys, rivers and in-between spaces that provide food and security to our wildlife populations. Unbridled development and sprawl chop up the land expanses our large carnivores need to survive. People need homes, but homes can be built in places that do not directly harm Montana's irreplaceable wildlife. Wildlife and existing communities benefit when we cluster our development, preserving our intact landscapes and keeping our land use options open for the future.

Montana's Opportunity

Montanans have the chance to protect habitat in several areas important to some of Montana's threatened species. An important area for state land purchase includes the checkerboard lands in the Swan River State Forest, where Canada lynx, grizzly bears, bull trout, and other threatened species have viable and vibrant populations and big game and other wildlife species are free to roam. Also available for state purchase are lands in the Garnet Mountains near Potomac in the Blackfoot Valley and the Seeley Lake area of the Clearwater Drainage. These areas are home to some of the most important Canada lynx populations in the Lower 48. These two areas are separated by Highway 200 and the Potomac Valley, so maintaining a wildlife linkage area here is critical to lynx survival. Another area is Fish Creek in Mineral County. It is *the* highest quality bull trout spawning habitat in the Lower Clark Fork River system, and is a travel route for elk and other wildlife.

Through state ownership, Montanans would preserve working forests and healthy habitat for the area's diverse wildlife. Healthy wildlife habitat is critical not only to our state's recreational economy, but to our way of life. We need to keep Montana Montana so our kids and grandkids will be able to hunt, hike and fish, and enjoy our wild heritage.

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State Acquisitions - Reinvesting in Montana

and is a good investment, especially in these unstable economic times. As Will Rogers said: "Buy land—they ain't making any more of it." The opportunity to purchase a lot of land at one time is a unique opportunity for the state and a wise investment for the long run. As part of the effort known as the Montana Working Forests Project, the State of Montana has the opportunity to acquire 111,000 acres of forest land for \$100 million at an average price of approximately \$900 per acre. Currently, the state values its forest land at an average price of \$1,479 per acre. The state's purchase of these lands would result in the state immediately realizing an appreciation of 50 percent or more in asset value, or about \$50 million

Wood Products Industry

State lands are a steady, reliable source of wood for Montana mills. With an additional 111,000 acres of high-quality forest land, the state reinforces its long-term ability to contribute to the timber industry, retains opportunities for Montanans working in the woods, and helps provide income to the schools. Montana's timber industry has experienced tumultuous changes due to a changing marketplace, international competition, mechanization, the pendulum swing of Federal supply and a host of other issues. No one has a crystal ball that can predict the future for the wood products industry in Montana. But it's clear that for social, environmental and economic reasons, Montanans want and need this industry. One need only look at other western states that have lost such an infrastructure to see the adverse consequences. An additional 111,000 acres of working forests held in trust by Montanans for Montanans will help ensure that the state's wood products industry infrastructure survives well into the future.

For any forest lands acquired by the Department of Natural Resources and Conservation (DNRC), a recalculation of the existing sustained yield timber harvest could occur, resulting in as much as 10 million board feet of additional annual harvest from state forest lands (Montana law, codified as MCA 77-5-221 through 77-5-223, governs the re-calculation process). At current timber stumpage values, this equates to approximately \$2 million annually in additional distributable revenue for schools. According to the University of Montana Bureau of Business & Economic Research, an additional annual timber harvest of 10 million board feet could potentially equate to about 230 direct and indirect timber industry and support jobs.

Restoration opportunities

Working forests are obviously not just important for the products they provide. Well-managed forests provide valuable services such as protecting clean water, providing for abundant fisheries and creating habitat for wildlife. From an economic perspective, the value of these environmental services can be hard to calculate, but the importance of these resources to Montanans is clear.

Across the western United States and right here in Montana there is a growing and coordinated effort to create a sustainable restoration economy. Restoring forest health and productivity is part of this effort. But this endeavor goes beyond that. Creating a durable restoration economy will require integrating urban, rural and ecological restoration. These lands could play a key role in helping this still young, but rapidly growing, economic engine move forward.

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Property Taxes

ow will the Montana Working Forests Project impact tax revenues in each of the affected counties?

Headwaters Economics of Bozeman, Montana, a nonprofit regional economic research group, is conducting an analysis to help answer this question. In addition to looking at the project's tax implications, Headwaters is also conducting two in-depth, countywide fiscal impact analyses in Lake and Mineral Counties to determine how much county tax revenues will change, either through state purchase or anticipated growth and development. When completed, the assessment will be peer-reviewed by an independent third party to ensure that it is rigorous and accurate.

Until the final disposition of the lands is worked out, it is impossible to predict the long-term tax picture for each county. What we do know, however, is that if these lands were to be sold on the open market and developed into rural residential subdivisions, the counties would most likely realize a net fiscal loss due to increased costs of services such as roads, fire protection and law enforcement. Whatever the scenario, the partners in the Montana Working Forests Project are committed to working on a county-by-county basis to figuring out specific tax impacts of these choices and finding creative solutions.

Montana's Private Forest Land Tax Structure

Montana's forest lands are taxed at a preferential rate based on the productivity class of the timber, not the market value of the land. This is important because it keeps our working lands in business, but also means that local governments receive a smaller tax benefit from timber than from developed land. Tax receipts on Montana forest lands range from \$1.10 to \$1.50 per acre depending on the local mill levy and productivity class.

In addition, forest landowners are assessed a fire protection fee, which provides funding for the Montana Department of Natural Resources and Conservation (DNRC) to suppress wildfires on these private forestlands. This fee is currently \$0.22 per acre for all Plum Creek lands, including those to be acquired through this project.

State of Montana and Property Taxes

Lands conveyed to the State of Montana, DNRC Trust Land Division, will remain in active timber production, providing jobs in communities and revenue to schools. The lieu portion of tax for state lands is part of county entitlement payments from the state. The DNRC provides direct protection for fire, so its lands are not assessed. To help address the potential revenue shortfall due to state purchase of these lands, The Nature Conservancy and The Trust for Public Land are committing to (1) pay the equivalent amount of taxes that Plum Creek has paid while the land is in interim ownership; and (2) work with each county to examine long term tax implications of this project and try to find creative solutions.

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History and Conclusion

Western Montana's culture is defined by its rugged landscape, snow-capped peaks, rich wildlife and abundant natural resources. Over the last century, hardy men and women cut timber, mined gold and other minerals, built ranching operations and subsisted on the bounty of the land. They hunted, they fished and they worked in the woods. They are part of the lore of the Wild West.

In many parts of the West, this way of life no longer exists. The wood products industry, and the rural tradition and culture that accompany it, is in flux because of national and international economic trends, land management policies, population growth and other factors. As a result, we are witnessing a transformation of western Montana's economic traditions and an erosion of the rural quality of life. Community leaders today are facing difficult choices—like how to deal with the growth that is inevitable—that will affect the character of our communities for decades to come. The Montana Working Forests Project is an effort to provide communities with an opportunity to balance growth and maintain the Montana way of life that we all cherish.

A complicated history of land ownership

Current trends are influenced by the history of land ownership in the West. In 1864, President Abraham Lincoln granted some 40 million acres of land to the Northern Pacific Railroad to finance railroad construction throughout the West. The "railroad" lands were mixed in a checkerboard pattern with federal lands. In western Montana, ownership of the "railroad" lands eventually went to timber production companies, including Champion International and more recently, Plum Creek Timber Company.

Currently, Plum Creek owns approximately 1.2 million acres of western Montana forest lands, most of it in 640-acre, or one-square-mile, blocks that are intermixed with public lands. This ownership pattern results in stark contrasts in management, timber harvesting, weed control and wildlife habitat across the landscape. One thing that has been consistent is that Plum Creek has provided public access to these lands for recreation.

In recent years, the timber economy has receded and land prices in these scenic areas have skyrocketed as people have moved here to build their dream homes in the woods. In part to capitalize on this trend, Plum Creek reorganized as a Real Estate Investment Trust, essentially converting from a timber to a real estate company.

As a result of this national trend in timberland divestment, public concern has mounted. Many people, from rural residents to county governments and from hunters and fisherman to snowmobilers worry that the logging roads leading into relatively remote mountainous lands could be the pathways for inappropriate housing development. This

trend toward rural, backcountry sprawl is widely recognized as a national phenomenon. In Montana, this trend will lead to the loss of public access for recreation, the loss of working forest, increased costs of providing community services, loss of wildlife habitat, and the undoing of western Montana's rural way of life.

Keeping Montana, Montana

Several local, collaborative efforts have attempted to address these threats by purchasing vast amounts of Plum Creek lands and conveying them into traditional uses. In Montana's Blackfoot Valley, a landowner group known as the Blackfoot Challenge worked with The Nature Conservancy and many public and private partners to purchase 89,000 acres of Plum Creek lands. The Challenge wanted to keep the Blackfoot Valley's rural culture and wildlife habitat and knew that the sale and development of these midelevation lands ringing the valley would be the downfall of the area's lifestyle and ranching economy. Currently, these lands are being re-sold to public agencies and private landowners with conservation easements in place to protect current uses of the land.

In the Thompson and Fisher river valleys in northwestern Montana, The Trust for Public Land worked with Montana Fish, Wildlife and Parks to purchase conservation easements from Plum Creek on over 140,000 acres of land. In addition to permanently securing access for the public to hunt, fish, hike, and camp, the easements eliminate all current and future development threats, and carry conditions for maintaining sustainable forestry in the valleys, ensuring that vital timber jobs and the local forest-based economy are not adversely affected.

Keeping working forests, working

Now a much larger 310,000-acre purchase of Plum Creek land is being worked out. The project's goals are to keep our working forests intact, keep our forests involved in producing timber, and preserve our local economies, wildlife habitat and way of life.

The partners in this project, The Nature Conservancy and The Trust for Public Land, will temporarily own the land, but eventually re-sell it to state and federal agencies and private interests with conservation easements attached. The State of Montana has an opportunity to be a key partner. The Montana Working Forests Project seeks to facilitate the purchase of 111,000 acres of these lands for the benefit of all Montanans.

More than the particular acres involved in the purchase, this project represents a step toward protection of a way life that is disappearing, and it represents a future that honors western Montana tradition and history. Prosperous, healthy communities are maintained by striking an appropriate balance between growth and the preservation of community assets. Working forests convey a multitude of benefits – recreational access to fish, hunt, hike, four-wheel, snowmobile and more; clear rivers, streams and lakes; essential wildlife habitat for an incredible array of animals; a sustainable supply of wood products; a landscape to simply observe and admire. These benefits are only possible through intact forestlands.

An unplanned and scattered handful of homes or subdivisions can fragment a working forest into isolated tracts that prevent recreational access, degrade water quality, destroy wildlife habitat and corridors, disrupt the entire landscape parcel by parcel, and preclude responsible management of forests and timber harvests.

This project would consolidate ownership and management of these lands in a way that meets community needs and preserves the working forests they depend on for recreation, tourism and logging. It also would preserve the low-elevation forests, pristine lakes, wetlands and valleys that serve as wildlife migration routes and seasonal refuges. It's these low elevation lands that are most susceptible to development.

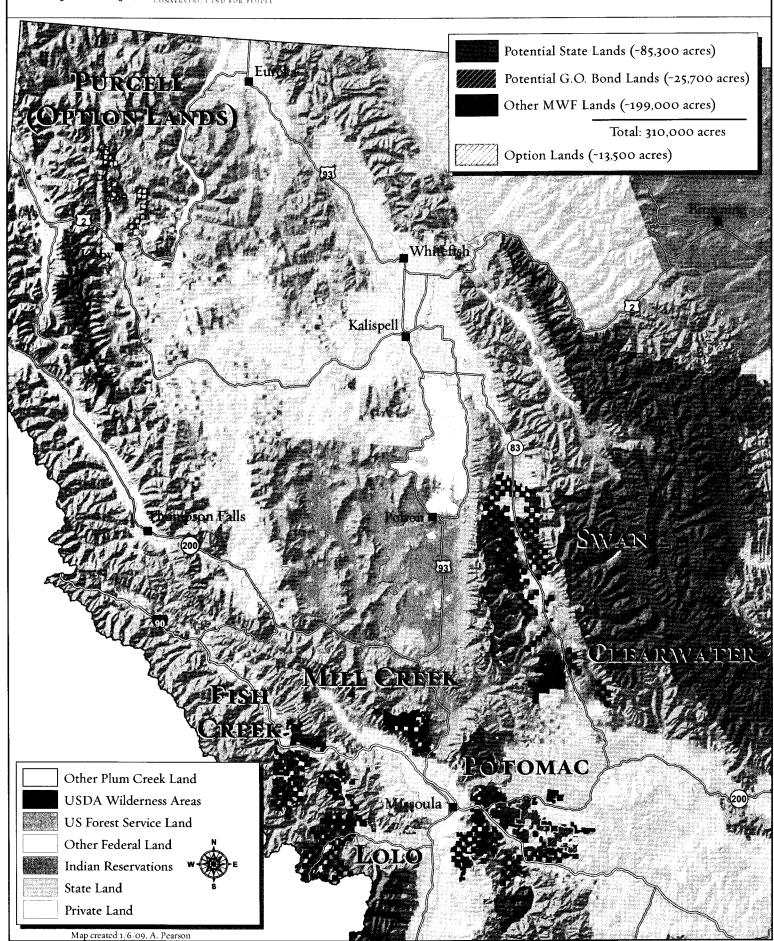
This isn't a wilderness project—but it could have a profound effect on the wild lands and species that depend upon them. It's also not a timber project—but it aims to ensure that these lands, full of potential, remain open for future sustainable management activities and restoration. What this effort does, more than anything else, is provide communities with an opportunity to become involved in the breathtaking challenge of maintaining prosperous, healthy communities.

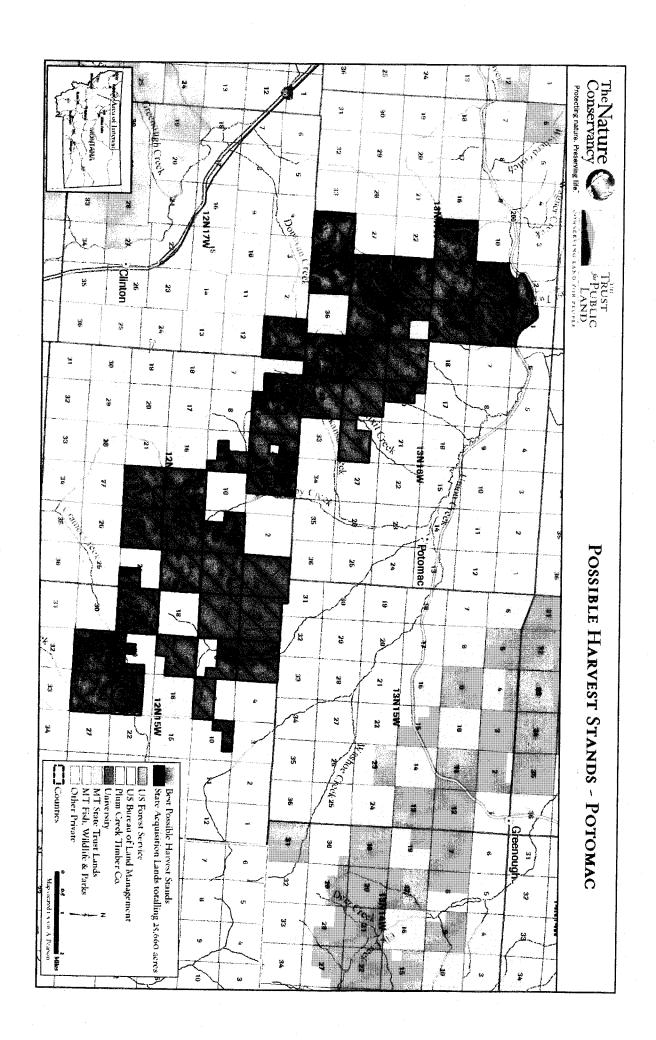
12-4-08





MONTANA WORKING FORESTS







Fairbank, Maslin, Maullin & Associates

Opinion Research & Public Policy Analysis

TO:

Interested Parties

FROM:

David Metz

Fairbank, Maslin, Maullin & Associates

Lori Weigel

Public Opinion Strategies

RE:

Key Findings from Statewide Survey on the Montana Working Forests Project

DATE:

October 6, 2008

The bipartisan research team of Fairbank, Maslin, Maullin & Associates (D) and Public Opinion Strategies (R) recently conducted a statewide survey of Montana voters to assess their attitudes toward the Montana Working Forests Project. The results of the survey show strong support, with a 57-percent majority of voters in favor of the Project and supporters outnumbering opponents by well over a two-to-one margin. Support for the Project cuts across demographic and geographic lines within the state electorate, and increases as voters learn more about it. In addition, the survey results show strong voter support for State participation in funding the Project.

Among the specific detailed findings of the survey are the following:

• Montana voters offer strong support for the Montana Working Forests Project. Survey respondents were offered the following description of the Project, and were asked to indicate whether they would support or oppose it:

"The Project is an effort to conserve roughly 320 thousand acres of privately-owned forest land in western Montana, part of one of the largest intact natural areas and wildlife habitats in the continental United States. The Project would have three main goals:

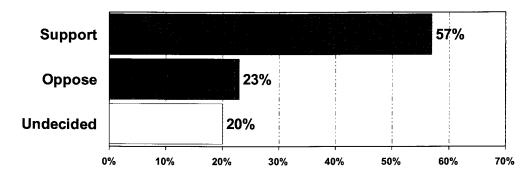
- ✓ Keep sustainable harvesting operations in the forest and timber in our mills;
- ✓ Conserve traditional access for hunting, fishing, snowmobiling and hiking; and
- ✓ Preserve vital wildlife habitat and water resources.

Non-profit conservation organizations would buy the land from the Plum Creek Timber Company for a price of \$510 million. These non-profit organizations would then sell

\$250 million worth of land to the federal government, and \$100 million worth to the State of Montana. The remaining land would be sold to private owners who would agree to permanently conserve the land for sustainable timber harvesting."

As shown in **Figure 1**, the Project begins with solid majority support, with 57 percent in favor and 23 percent opposed.

FIGURE 1: Initial Support for the Montana Working Forests Project



Voters' backing for the Project cuts across subgroups within the Montana electorate: it has the support of majorities of men and women; voters under age 50 and those older; and Democrats, independents and Republicans. The Project also garners broad support among sportsmen, including:

- ✓ 64% of voters who frequently hunt or fish;
- ✓ 64% of voters who frequently snowmobile; and
- ✓ 56% of voters who frequently use motorized off-road vehicles.

It also has support across geographic areas of the state, as shown in Figure 2.

FIGURE 2: Initial Support for the Montana Working Forests Project, by Media Market

Media Market	Support	Oppose	Undecided
Butte-Bozeman	63%	17%	20%
Missoula	61%	23%	16%
Billings	54%	24%	22%
Great Falls	52%	30%	18%
Other	56%	22%	21%

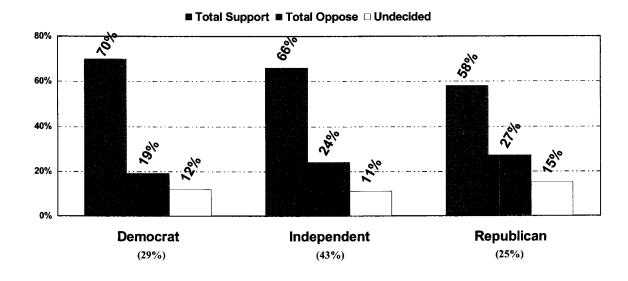
• As voters learn more about the Montana Working Forests Project, their support increases. Survey respondents were offered a series of messages from the Project's supporters, and then were asked a second time whether they backed the Project. As illustrated in Figure 3, this information led nearly two-thirds of those polled to express support for the Project – an increase of seven points. This finding suggests that as the Project's supporters work to acquaint voters with its terms, public support is likely to grow.

FIGURE 3: Impact of Information on Support for the Montana Working Forests Project

Position	Initial Description	After Messages	Difference
Support	57%	64%	+7%
Oppose	23%	22%	-1%
Undecided	20%	14%	-6%

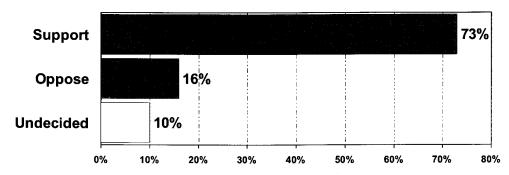
It is also striking that once voters hear more about the Project's details and potential benefits, there are on minimal partisan differences in support: 70 percent of Democrats, 66 percent of independents and 58 percent of Republicans indicate their support, as shown in **Figure 4** below.

FIGURE 4:
Informed Support for the Montana Working Forests Project
(By Party)



• Voters welcome State involvement in funding the Montana Working Forests Project. The poll asked respondents to indicate whether they thought the State of Montana should "spend State dollars to buy some of the Montana Working Forests Project land, and then manage the land to benefit the school trust while also providing for recreational access and clean water and wildlife habitat." As Figure 5 makes clear, more than seven in ten voters welcome such State involvement in the Project.

FIGURE 5:
Support for Spending State Money on Buying Working Forests Project Land
(Split Sampled)



Taken together, the survey results reflect a strong base of voter support for the Montana Working Forests Project, support that is likely to grow over time as voters learn more about it.

Methodology: From September 3-7, 2008, Fairbank, Maslin, Maullin & Associates and Public Opinion Strategies completed 600 interviews with Montana voters who are likely to cast ballots in the November 2008 election. The margin of sampling error for the full sample is +/- 4.0%; margins of error for subgroups within the sample will be larger.

Public Opinion Strategies (POS) is a survey research company specializing in political and public policy research, with offices in Washington, Denver and Los Angeles. Founded in 1991, the firm has conducted more than three million interviews with voters and consumers in all fifty states and over a dozen foreign countries, including more than 1,600 focus groups. In the last four election cycles, Public Opinion Strategies has helped elect over 63 new Republican members of the U.S. House, more than any other polling firm, Democratic or Republican. Their political client base includes 18 U.S. Senators, eight Governors, over fifty Members of Congress, and numerous state legislative caucuses.

Fairbank, Maslin, Maullin & Associates (FMM&A) has specialized in public policy-oriented opinion research since the company was first organized in 1981. With permanent offices in Los Angeles, Oakland, and Madison, Wisconsin, the firm conducts research for Democratic political candidates, for ballot measure campaigns, and for businesses, non-profits, and government agencies across all fifty states and also in other countries. FMM&A has conducted literally thousands of focus groups and surveys throughout its two-decade history. The firm conducts research for candidates at all levels of the ballot – from Presidential candidates like Howard Dean and Bill Richardson to races for City Council. FMM&A has also provided research and strategic guidance to well over 100 successful statewide ballot measure campaigns.

In partnership, FMM&A and POS collaborate on over a dozen bipartisan research projects each year. The team has worked in over half the United States, from Alaska to Florida, conducting research on land conservation, political reform, immigration, health care, education, and other critical issues. Collectively, the firms have conducted dozens of survey and focus group projects in Montana over the past decade.

Sponsor's Fiscal Note 2011 Biennium To open, right click on "Select a bill", select Worksheet Object/Edit. To exit, click outside the spreadsheet. Bill #014 Title: General Obligation Bonds for DNRC land purchase Primary Sponsor: Bill Nooney Status: As Introduced Significant Local Gov Impact ☐ Needs to be included in HB 2 **Technical Concerns** Included in the Executive Budget Significant Long-Term Impacts ■ Dedicated Revenue Form Attached **Expenditures:** General Fund \$515,909 \$945,193 \$1,716,487 \$1,720,718 State Special Revenue \$0 \$0 \$0 \$0 Federal Special Revenue \$0 \$0 \$0 \$0 Other \$10,500,000 \$10,500,000 \$0 \$0 Revenue: General Fund \$0 (\$3,200)(\$3,200)(\$6,400)State Special Revenue \$0 (\$202)(\$202)\$258,346 State Income Tax on 1.7M in new \$0 \$0 \$0 \$0 School Income from Harvest \$0 \$0 \$0 \$0 Other \$10,500,000 \$0 \$0 \$0 **Net Impact-General Fund Balance:** (\$515,909)(\$948,393) (\$1,719,687) (\$1,727,118) **ADD Ajustments:** 1. Income to schools facility -Timber Harvest \$ 517,500.00 \$ 517,500.00 2. Montana State and Local taxes 8.6% 292,260.00 \$ \$ 292,260.00 2. Montana Individual Income Tax 6.9% \$ 235,290.00 \$ 235,290.00 3. Additional Recreational fee per ac \$ \$ 247,000.00 247,000.00 247,000.00 \$ 247,000.00 5. Montana Property Tax Estimate 118,910.00 118,910.00 **Total ADD Ajustments** 1,410,960.00 1,410,960.00 Adjusted net inpact on General fund (\$268,909)(\$701,393)(\$308,727)(\$316,158)

Description of fiscal impact:

HB 14 allows the board of Land Commissioners to request the board of Examiners issue and sell general obligation bonds to generate up to \$21 Million for the purchase of fee simple interest from The Nature Conservancy and the Trust for Public Land.

FISCAL ANALYSIS

Assumptions:

- 1. \$517,500 a year income to School Facility Account (SFA) starting 2012, from Timber Harvest (HB14 Fiscal Note)
- 2. 30 Jobs retained in wood products industry from 2.25 MMBF equals 1,715,000.00 additional labor income:
 - a. 8 Forestry and Logging Jobs at \$40,000.00 a year or \$320,000.00
 - b. 5 Forestry Support Jobs at \$25,000.00 a year or \$125,000.00
 - c. 7 sawmill jobs at \$45,000.00 a year or \$315,000.00
 - d. 7 Pulpwood plant jobs at \$100,000.00 a year or \$700,000.00
 - e. 3 wood residue jobs at \$85,000.00 year or \$255,000.00
 - f. Apply income multiplier of 2 because for every dollar of labor income (University of Montana Bureau of Business & Economic Research) there will be a "multiple" effect of labor income created elsewhere in the economy, in industry's such as retail trade and services with an average income per worker of \$20,000.00 a year: Therefore the calculation is \$1,715,000/20,000 = 85.75 jobs or 85. Therefore we have 30 primary jobs plus 85 secondary jobs for a total of 115 jobs or \$3.41M of total labor income. \$3.41M in labor income creates much needed spending in the economy and will lead to an increase in State Individual Income Tax and an increase in taxes due to state and local tax burdens. State income tax is 6.9% of income and State local taxes are calculated at 8.6% (Tax Foundation 2008 Montana Tax Climate)
- 3. Hunting/Recreation benefits accruing to MT economy attributable to Land Banking acquisitions \$9.88 dollars per acres on License fee, or (25,000 time 9.88) (Dan Dobler, Recreational Use Coordinator, Ag & Grazing Management Bureau)
- 4. Property tax created by 115 primary and secondary jobs is calculated at \$1,034.00 per capita (Tax Foundation 2008 Montana Tax Climate)

Additional Effect on County or Other Local Revenues or Expenditures:

1. The above table does not calculate the increase in local spending on the county tax base and other multiples of spending for food, gas, diesel, or other retail sales.

Long-Range Impacts:

There are approximately 45 Million Board Feet of merchantable timber on these Potomac lands, today, worth about \$10 Million. During the 20-year Bond period, approximately 52 Million Board Feet of new timber growth will have accrued. This provides for:

- 1. Increased distributable revenue to schools, year after year currently \$375 per student.
- 2. Increased timber harvest over all state trust lands, supporting the timber industry and rural communities.
- 3. Keeping these lands as working forests allows for better wildfire protection and increased public access.
- 4. The underlying land value increases year-by-year.
- 5. Trees continue to grow long after the Bonds have been paid off, continually adding value for the future.

Fiscal Note Request – As Introduced

(continued)

Reference for information above

HB 14 Fiscal Note

University of Montana Bureau of Business & Economic Research, In Press, 2009

The Tax Foundation-Montana Tax Climate, 2008

State of Montana Tax Tables

Dan Dobler, Recreational Use Coordinator, Ag & Grazing Management Bureau, 2008

Northwest Management, Inc. Potomac Timber Cruise Information, May 2008

Conclusions and Summary (using 2009 dollars)

1. The general fund will be impacted by (300,000.00) a year for 20 years

2. In year 21 the fund will reflect a 1.4M positive impact due to retirement of the bond payments and will payoff the accumulated 20 year negative impact by year 25.

3. In year 25 the general fund will produce a positive impact on the general fund by 1.4M a year. Thereby creating positive general fund contribution using 2008 dollars for the balance of the project.

Sponsor's Initials	Date	Budget Director's Initials	Date			
Fiscal note prepared by: Agency:	Sponsor Fiscal Note- Representative Bill Nooney					
Phone number:	406-544-2343	*				



LAKE COUNTY

106 4th Ave. E.

Polson, Mt. 59860

November 13, 2008

Montana House of Representatives State Capitol PO Box 200400 Helena, MT 59620-0400

For nearly ten years, the Lake County Commissioners have supported the on-going land conservation efforts in the Swan Valley. These local efforts by our constituents have been focused on the maintenance of our forest resources and the avoidance of dispersed rural subdivision and development in the Valley. The County has actively participated in the Swan Lands Coordinating Committee and has developed land use policies that further resource conservation and address the significant costs of providing local services to residential development in this area of our county.

We have been informed of the MT Legacy Project and our staff has participated in an analysis of the financial implications of the project. We believe that it is a complementary extension of the conservation work accomplished thus far in the Swan Valley. In particular, Lake County strongly supports the Montana Working Forests proposal for State acquisition of certain lands in the northern part of the Valley.

The Swan River State Forest is a productive forest managed by the MT Department of Natural Resources and Conservation (DNRC). However, the checkerboard ownership pattern of these State lands with Plum Creek lands adversely affects efficient land management for the variety of resource values present. Additionally, the conversion of private forestlands to subdivision and development would not only further hinder forest management on public lands, but would degrade habitat resources and connectivity, disrupt the outdoor recreation opportunities currently enjoyed by the public, and significantly increase the costs of providing services to the area (especially sheriff and fire protection services).

This Montana Working Forests proposal represents a singular opportunity to address the problems associated with the historic checkerboard ownership pattern. We believe it recognizes the significant resource values in the Swan Valley and will further logical land use within the area of the Swan River State Forest. Through this acquisition and consolidation of State ownership, the Montana Working Forests proposal will help maintain the important resource, conservation, social and economic values of the Valley.

By avoiding the fragmentation of our forest landscape from excessive rural development, the forest will continue to provide elements integral to our quality of life, including wildlife habitat, wood products, recreational access, water quality protection, and forest health.

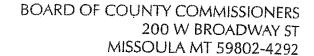
The Lake County Commissioners support the Montana Working Forests proposal and encourages positive action by the Legislature to secure this opportunity on behalf of the citizenry.

BOARD OF LAKE COUNTY COMMISSIONERS

Mike Hutchin, Chairman

Paddy Truster Member

Chuck Whitson, Member





PHONE: (406) 258-4877 FAX: (406) 721-4043

BCC 2008-289 December 17, 2008

Brian D. Schweitzer, Governor State of Montana P.O. Box 200801 Helena, MT 59620-0801

Dear Governor Schweitzer:

The Missoula County Commissioners strongly support the Montana Working Forests Project. This effort by the State of Montana to purchase at least 110,000 acres of former Plum Creek timber lands will help maintain forest resources into the future and avoid costly dispersed rural subdivision and scattered development in fire-prone forests. The County has actively participated in similar efforts in the Swan Valley and the Blackfoot Valley. We've been informed of the project, sponsored several community meetings through our Rural Initiatives Office and have heard broad support for the State's acquisition from County residents. In particular, we support the purchase of more than 50,000 acres in the Potomac area and north of Interstate 90. We urge you to continue your efforts to provide funding for the acquisition of these lands.

This Montana Working Forests Project is a unique opportunity to address many important issues at once. By clearing up the checkerboard ownership pattern, agencies and constituents can make land management decisions that take whole ecosystems into account. Public access for hunting, fishing, hiking and snowmobiling can be maintained. These activities are at-risk as large blocks of timberlands are sold off as smaller parcels. In addition, Montana's timber industry is substantially benefited by keeping future options open for timber production on these once private timber producing parcels. By adding substantial acreages to the State's timber base, we provide for a possible increase in the sustainable yield of timber by the Department of Natural Resources and Conservation. Finally, the incredible water and wildlife resources on these parcels are a critical part of this region's economic future. Keeping these resources healthy for the enjoyment of Montanans and our many visitors is necessary.

Furthermore, the risk and cost of firefighting has skyrocketed due to dispersed rural development in recent years. The Montana Working Forest Project will slow the rapidly rising cost of fire suppression in rural landscapes. Montana taxpayers would be faced with higher fire fighting costs if the Montana Working Forests Project lands are sold on the open market and developed.

A recent study by Headwaters Economics, funded by the Montana Fire Suppression Interim Committee, shows that in 2007, approximately 20,000 acres of lands within the Montana Working Forest Project were burned, or were within one mile of three separate fires. Had these lands been developed at the time – even at very low densities – the study predicts suppression costs for these fires would have been \$13 million more. Reducing the costs of fire and the risk to firefighters is in the interest of all Montanans.

The Missoula Board of County Commissioners views The Montana Working Forests Project as a remarkable opportunity to help conserve not only an important landscape, but a way of life in western Montana.

Sincerely,

BOARD OF COUNTY COMMISSIONERS

Jean Curtiss, Chair

Bill Carev, Commissioner

Larry Anderson, Commissioner

BCC/ppr

cc: Pat O'Herren, Rural Initiatives



379 Boyscout Road • P.O. Box 549 • Seeley Lake, Montana 598

January 7, 2009

Governor Brian Schweitzer Montana Capitol P.O. Box 200801 Helena, MT 59620-0801

Dear Governor Schweitzer:

Pyramid Mountain Lumber, Inc. has been a strong supporter of the Montana Legacy Project and looks forward to the State of Montana's acquisition of 111,000 acres through the Montana Working Forests Project. These acres are in close proximity to our family owned mill in Seeley Lake and would provide more certainty in available raw materials in future years under sustainable management by DNRC.

This project offers an opportunity of a lifetime to help maintain working forestlands and the rural character of Montana's landscapes. The resulting economic benefit to rural communities through historic land uses and modern technology will benefit current infrastructure while stimulating future economic diversification.

Governor, Pyramid supports the Montana Working Forests Project and the multiple benefits which will be realized through active management. We encourage you to move forward with efforts that add forested acreage to State of Montana ownership.

Sincerely,

Gordy Sanders

Resource Manager

Pyramid Mountain Lumber, Inc.

Honorable Governor Brian D. Schweitzer Montana Capitol PO Box 200801 Helena, MT 59620-0801

Henry Fassnacht 1118 Creek Crossing Road Missoula, MT 59802 (406)721-5805

January 2, 2009

Dear Governor Brian D. Schweitzer,

I've been working in the wood products industry for 26 years and I support the State of Montana acquiring land through the Montana Working Forests Project.

The Montana Working Forests Project represents a once-in-a-lifetime opportunity to protect the quality of life in western Montana and to maintain the core values that make western Montana such a special place.

It is a sound financial investment for the people of Montana. Not only will it provide revenues from future timber harvest, it will provide indirect revenue from our recreation industries. Furthermore, I believe there are future markets which will require these lands as a basis for providing necessary resources. These include co-generation as well as markets and technologies which have yet to be developed.

Another consideration is that much of this land lies within the Wildland Urban Interface. It would be better to control the management of these lands than deal with the costs of structure protection because a different landowner may not be proactive with their fuels management.

The Montana Working Forests Project will help to maintain forest industry jobs. Sound stewardship of these lands by Montana now and far into the future will ensure they remain economically viable for the future generations that work here.

The Montana Working Forests Project will stem fragmentation of landscape from second-home rural development. Throughout the west we are losing intact landscapes to fragmentation caused by "backcountry sprawl." When fragmentation of forestland occurs, the forest may cease to provide what a forest should provide — public access, clean water, wildlife habitat, and wood products. The Montana Working Forests Project will reduce this fragmentation, which is essential to maintain western Montana's traditional quality of life.

The Montana Working Forests Project is a remarkable opportunity to help conserve not only an important landscape, but a way of life in western Montana.

Sincerely,

John Jaspall

Honorable Governor Brian D. Schweitzer

Montana Capitol

PO Box 200801

Helena, MT 59620-0801

January 5, 2009

Dear Governor Brian D. Schweitzer,

I've been working in the wood products industry for 40+ years and I support the State of Montana acquiring land through the Montana Working Forests Project. Here we have an opportunity to place emphasis on quality management of these portions of the forest. Having worked with many of these State people throughout the years, I feel, their commitment to doing what is right for the forest has evolved to a higher level than simple extraction of cash resources. This group will do their best for the forest and that will provide a more reasonably balanced management of these properties.

The Montana Working Forests Project is a remarkable opportunity to help conserve not only an important landscape, but a way of life in western Montana. Having invested myself in this profession of forestry I recommend that you help the State of Montana in acquiring these lands.

Yours in restoration and communication, I remain

Craig E. Thomas

Forester

Stevensville, Montana 59870

Honorable Governor Brian D. Schweitzer Montana Capitol PO Box 200801 Helena, MT 59620-0801

> Tricon Timber LLC PO Box 158 St. Regis MT. 59866

January 2, 2009

Dear Governor Brian D. Schweitzer,

I've been working in the wood products industry for thirty-three years and I support the State of Montana acquiring land through the Montana Working Forests Project.

A part of a larger 310,000-acre Plum Creek acquisition, the Montana Working Forest Project has a goal of transferring approximately 111,000 acres to the State of Montana. These working forest lands are located in the Seeley-Swan, Fish Creek drainage, and Potomac area—about half of them in Missoula County.

The Montana Working Forests Project represents a once-in-a-lifetime opportunity to protect the quality of life in western Montana and to maintain the core values that make western Montana such a special place.

The Montana Working Forests Project will help to maintain forest industry jobs. Western Montana has a proud wood products history, and these lands have given a great deal to us. Sound stewardship of these lands by Montana now and far into the future will ensure they remain economically viable for the future generations that work here.

The Montana Working Forests Project will stem fragmentation of landscape from second-home rural development. Throughout the west we are losing intact landscapes to fragmentation caused by "backcountry sprawl." When fragmentation of forestland occurs, the forest may cease to provide what a forest should provide – public access, clean water, wildlife habitat, and wood products. The Montana Working Forests Project will reduce this fragmentation, which is essential to maintain western Montana's traditional quality of life.

The Montana Working Forests Project is a remarkable opportunity to help conserve not only an important landscape, but a way of life in western Montana.

Sincerely,
Gordon N Johnson

Gordon N Johnson Forester



406-546-1471

November 25, 2008

Montana House of Representatives State Capitol PO Box 200400 Helena, MT 59620-0400

RE: Support Montana's Working Forests

Dear Montana House,

With over 250 members in western Montana, Hellgate Hunters and Anglers (HHA) works to conserve Montana's wildlife, wild places and fair-chase hunting and fishing heritage. In addition to our support for hunting and fishing, members of HHA are dedicated to conserving Montana's non-game wildlife and natural habitat, and to ensuring that future generations are able to enjoy the same high-quality outdoor experiences we grew up with.

Hellgate Hunters and Anglers strongly support Montana's Working Forests proposal for several reasons. The proposal would convert roughly 111,000 acres of Plum Creek land into state management and is an integral part of part of a larger 312,000 acre land conservation effort known as the Montana Legacy Project. Montana's Working Forests encompasses large sections of land in the Swan Valley, the Fish Creek drainage, the Potomac and areas west of Missoula.

The Montana's Working Forests proposal represents a once in a lifetime opportunity to conserve many of the places that generations of Montanans have enjoyed for hunting and fishing.

This proposal will maintain essential resource, conservation, social, and economic values in western Montana by:

- Maintaining recreational access for hunters, anglers, hikers, motorized recreationists and other users. Access to much of these lands could be in jeopardy unless the Montana's Working Forests project is funded and approved.
- Protecting some of Montana's (and America's) most critical wildlife habitat. Habitat for grizzly bears, lynx, bull trout, other species will be conserved and protected through sound land management principles and policies.

Hellgate Hunters and Anglers is dedicated to conserving Montana's wildlife, wild places, and fair-chase hunting and fishing heritage.

- Reducing fragmentation of the landscape from excessive subdivision in remote and rural areas. Throughout Montana, we are losing some of our best wildlife habitat and hunting access as development fragments the landscape. Fragmented forests can't provide the full benefits healthy forests provide clean water, wildlife habitat, hunting and fishing access, in addition to wood products. The Montana's Working Forests proposal will reduce fragmentation and thereby helping maintain western Montana's traditional quality of life.
- Working to maintain forest industry jobs. Western Montana has a proud wood products history but for a variety of reasons the industry is facing serious economic uncertainty. The Montana's Working Forests proposal calls for sustainable timber harvest levels for the lands involved, which means sound stewardship, forest health, and a foundation for employment and economic opportunity in the wood products industry.
- Forests proposal calls for the state to purchase up to 110,000 acres of lands for inclusion as state forestland. This addition to the state's forestland will generate income for the school trust fund through sales of timber, subject to state land management and sustainable harvest calculations. One estimate suggests that an increase in 10 million board feet annually reasonable for an additional 110,000 acres will produce an additional 230 wood products jobs and generate over \$2 million annually for Montana schools.

Hellgate Hunters and Anglers views Montana's Working Forests as a remarkable opportunity to help conserve not only our landscape but our way of life in Montana.

Sincerely,

Tim Aldrich President



Respecting each other. Sustaining the land.

6887 Highway 83, Condon, MT 59826 • 406/754-3137, 406/754-3138 (phone) • 406/754-2965 (fax)

<u>Swanec@blackfoot.net</u> (e-mail) • SwanEcosystemCenter.com (web site)

Officers of the Corporation:

November 28, 2008

Neil Meyer, chairman

Montana Senate State Capitol

Russ Abolt, vice chairman

PO Box 200500

Steve Ellis, treasurer

Helena, MT 59620-0500

Anne Dahl, president secretary

Board of Directors:

Russ Abolt

....

Steve Ellis

Tom Giles

Glen Gray

Rip Grubaugh

Pam Hamilton

Neil Meyer

Bill Moore

Stan Nicholson

Tom Parker

Gene Tingle

Advisory Board:

Lex Blood

Jim Burchfield

Bob Cushman

Chuck Harris

C.P. Rowlands

Betsy Spettigue

Many Valued Volunteers Honorable Montana Senators:

Swan Ecosystem Center is an inclusive nonprofit group in Montana's Swan Valley. We work to ensure the sustainable use and care public and private lands. As a community-based organization, we are concerned about the potential loss of a viable timber economy in Western Montana if the Plum Creek Timber Co. lands available for purchase are sold for second-home development or for other non-forest uses.

The Swan Valley may be the most productive timber growing land in Montana, particularly in the area of the Swan River State Forest, where the climate is moist and trees grow vigorously. Much of the future of Montana's woods products industry resolves around the forests of the North Swan Valley. More than 25 square miles of prime timberlands are available here for acquisition by Montana agencies. A total of 111,000 acres are available statewide. We have a rare opportunity to bolster Montana's timber economy and contribute to the school trust fund by purchasing these Plum Creek Timber Co. lands.

We are also concerned about protecting water quality and wildlife habitat for the diversity of species dependent on the Swan Valley, including grizzly bears and bull trout on the endangered species list. Neither streams nor wide-ranging wildlife species are constrained by political boundaries. Both would be more effectively managed in a block of connected parcels rather than in separated properties as they currently are in this checker-boarded landscape.

Public access for traditional hunting and fishing is dear to thousands of Montanans. This by itself is reason enough to purchase these lands. Once the lands are converted for to non-timber uses, fences and No Trespassing signs will go up. Please take advantage of this remarkable opportunity and ensure that adequate funds are available for the "Montana's Working Forests" component on the Montana Legacy Project. Thank you.

Sincerely,

annedall

Anne Dahl, president

On behalf of the Swan Ecosystem Center Board of Directors



"Better Communities Through Cooperation"

November 18, 2008

Governor Brian D. Schweitzer Office of the Governor Montana State Capitol Building P.O. Box 200801 Helena MT 59620-0801

RE: Montana Working Forests project

Dear Governor Schweitzer,

This is a letter of support for the Montana Working Forests project to conserve working lands in Montana for current and future generations.

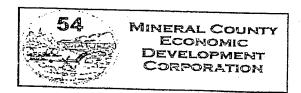
Through the Blackfoot Community Project (BCP), the Blackfoot Challenge and The Nature Conservancy partnered to conserve 89,000 acres of Plum Creek Timber Company land in the middle and upper Blackfoot Valley. We are now in the final stages of a community lead disposition of these acres to public and private conservation ownership.

Montana's Working Forests seeks to convey at least 110,000 acres of former Plum Creek Timber Company land to the State of Montana. This project should have similar success given the focus The Nature Conservancy and The Trust for Public Land have to involve local communities. The Challenge supports the project's objectives of protecting clean water and fish and wildlife habitat, keeping our forests in productive timber management, and promoting public access to these lands for fishing, hiking, hunting and other recreation.

The Blackfoot Challenge is facilitating this community involvement in the Potomac and Greenough area, having hosted public meetings to introduce the community to The Nature Conservancy, Trust for Public Land and Missoula County Rural Initiatives. The Challenge is organizing a local group to coordinate the exchange of information between the local community and the project partners.

Sincerely.

Jim Stone, Chairman



December 3, 2008

The Honorable Brian D Schweitzer Governor of Montana P O Box 200801 Helena, MT 59620-0801

Dear Governor Schweitzer,

The Mineral County Economic Development Corporation, a non-profit countywide organization dedicated to improving the social and economic well being of county residents is fully supportive of the Montana Working Forests Project. It is our belief that the proposed action to transfer over 100,000 acres of Plum Creek lands to the state of Montana presents itself as a golden opportunity that will contribute to the custom and culture of Mineral County residents.

As you well know, Mineral County depends heavily on natural resources from public lands. We believe that the state will manage these lands in a manner compatible with our core values contributing to sustainably.

- Management of the timber stands as a viable renewable resource will contribute to the local economy. Mineral County has an excellent record in fostering Stewardship projects that will allow these lands to be managed in a sustainable manner for future generations to enjoy. This will significantly enhance the forest sector economy.
- Enhancing the utilization of these lands will provide additional recreational opportunities including hunting, fishing, ATV's, hiking, and a host of other public uses. In addition, the wildlife habitat will be enhanced that is so important to the survival of threatened and endangered species in the Rocky Mountains.
- The acquisition of these lands by Montana will preclude the fragmentation of second home development. This will prevent the loss of valuable forest lands thereby retaining their public use contributing to our western heritage.
- Through proper management, the risk of catastrophic fires will be greatly reduced. This becomes extremely important when one considers the tremendous cost for fire suppression and the loss of such a valuable resource.

The Mineral County Economic Development Corporation considers the Montana Working Forests Project as a tremendous opportunity to help conserve our natural resource base contributing to the social and economic fabric of our local communities. Your support for this endeavor will be greatly appreciated.

Jim DeBree

Mineral County Economic Development Corporation